

25X1

NSC BRIEFING

27 May 1953

## SOVIET UNION

The Pravda editorial of last Sunday----the second full-dress public presentation of Soviet views which we have had in the last month----perhaps betrays some nervousness over the three-power conference in Bermuda, but at the same time makes clear that Moscow has changed its position on no major issue. If anything, although this document, like its predecessor, abstains from the usual name-calling, it takes a somewhat stiffer position----possibly the result of increased confidence in the Kremlin which rises from the signs of Western cross purposes.

Pravda warns that the Bermuda meeting might preclude four-power discussions at a later date. It views the meeting as an effort to reach an agreed Western stand against the USSR, and says in effect that the Soviet Union will not participate in a conference which the West enters with fixed demands. Instead, Moscow praises Sir Winston Churchill's proposal for a personalized, high-level conference without a fixed agenda or pre-conditions.

State Department review completed

The editorial, which quoted liberally and for the most part favorably from the recent speeches of Churchill and Attlee, endorsed the Communist proposal of 7 May as the basis for arriving at a Korean truce; it agreed that Germany was the central issue in Europe, but reiterated the Soviet position on the validity of Potsdam and the concept of a "united, democratic and peace-loving Germany;" it argued again for the recognition of Red China, and finally, it cited the United States short treaty as the reason the Austrian negotiations have bogged down.

Ambassador Bohlen comments from Moscow that the most striking feature of the editorial is the open attempt to play up to the British government, and in particular to Churchill personally, in order to exploit Anglo-American differences. He considers that these differences are unquestionably greatly exaggerated in Soviet thinking.

Bohlen further suggests that the editorial may foreshadow some official Soviet approach for a four-power meeting in order to forestall a three-power conference.

Pointing out that the editorial is in complete harmony with Stalin's article in Bolshevik last October----- it was in this article, you will recall, that Stalin maintained that policy conflicts between the capitalists states are inevitable, and that they are more likely to lead to "inter-imperialist" wars, as in 1939, than to an attack on the Soviet Union----the ambassador notes that it confirms that the new regime "is adopting different methods rather than departing in important respects from previous Soviet policy under Stalin."

I think it is worth noting that the Pravda editorial briefly mentions Senator McCarthy----the first recognition of him in a document bearing a so obviously official stamp---in a passage which quotes Attlee on Red China's right to membership in the Security Council and continues: "Of course this statement is not based on Attlee's sympathy for Communism, for perhaps only McCarthy could suspect him of such a thing....." This is a pretty good sign that while the Kremlin holds the American Communist Party to be expendable and therefore has little interest in the purely domestic issue of Communism, it is quite prepared to make use of Senator McCarthy's name for any divisive effect it may have on the Anglo-American relationship.

Among the few new elements introduced in the Pravda editorial was the statement that the Soviet Union would examine seriously any proposals on "the widest economic and

cultural connections between states." This suggests that the USSR may view cultural and economic relations as the most promising first step in any future Big Four conferences.

(REJECTION OF AUSTRIAN TREATY BID)

The rejection of the bid for discussion of an Austrian peace treaty follows several hints from Russian diplomatic sources that an Austrian settlement would be possible if the U.S.-sponsored abridged treaty were withdrawn. Although both of the recent major Pravda editorials on international issues blamed the Austrian impasse on the West, neither raised any new obstacles to settlement.

Austria, however, was one of the issues mentioned by President Eisenhower as a test of Soviet sincerity. It may be, therefore, that the refusal to discuss it reflects the present government's sensitivity to being "forced" into negotiations. The Kremlin may fear that an Austrian settlement now, even on terms relatively favorable to the USSR, would be interpreted in the West as a sign of Soviet weakness. In addition, the Kremlin might consider that Austrian discussions at this time would disclose its intentions prematurely and prejudice its position in any four-power meeting.

Insofar as they have created confusion in the Western camp, the divisive tactics of the new Soviet regime have yielded results without resort to any major conciliatory move. The Kremlin may consider that it can furnish sufficient impetus to its peace offensive through a continuation of minor conciliatory gestures and through the Korean negotiations, without making major concessions in Europe.

(INTERNAL POPULARITY CAMPAIGN)

Within the Soviet Union, it appears that the present government is continuing its efforts to appear more liberal and popular than the Stalin regime. First we had the amnesty decree and the large price cuts; now Moscow has placed wheat flour on open sale, for the first time practically since the end of the war, and

25X1

the regime may be planning to step up the production of consumer goods. Russian public opinion has been stirred, for according to our embassy, wishful rumors are circulating in Moscow that there will be no drive for a state loan this year and that the Russian working day will be cut from 8 to 7 hours.

25X1

FAR EAST

INDOCHINA        In Indochina, military activity centers in the Tonkin delta where an estimated 45,000 Viet Minh are stepping up their efforts to seize the spring rice harvest. The military situation in Laos remains quiet, but there are signs the Communists already are preparing for an offensive in this area next fall. The reported arrival of more than 2,000 Soviet trucks in South China would greatly increase the ability of the Chinese communists to move supplies to Indochina.

On the political scene, the leader of the Vietnam state, Premier Tam, is secretly elated by the French action in devaluating the piaster. While Tam has publicly protested against this unilateral move by Paris, however, he feels it has united Vietnamese opinion behind him so that he can now step up his program for complete independence.

**PHILIPPINES** In the Philippines, the dubious methods by which President Quirino gained renomination suggests to Ambassador Spruance that Quirino may use any means, honest or otherwise, to rig the elections. Consequently, Admiral Spruance foresees the serious danger of bloodshed in November. While Carlos Romulo has established a third political party, the embassy believes that Romulo may eventually throw his support to Ramon Magsaysay, Quirino's very popular opponent.

**JAPAN** In Japan, the new Liberal Party government will have only a very short life unless it can get the cooperation of the other important conservative group, the Progressive Party. There are no serious policy differences between the two parties, but cooperation is hampered by personal feuding and a general resentment against Yoshida, now premier for the fifth time.

**BURMA** The first meetings of the commission studying the problem of the Chinese Nationalist troops in Burma have produced no change in the situation. Li Mi, the leader of the



Nationalist troops, foresees only a partial evacuation, and that only if the Burmese order a cease-fire. On the other hand, the Burmese representative at the Bangkok meeting called for a complete withdrawal and is opposed to general cease-fire.

CHINA                      Finally, and for a change, some encouraging news from the Far East. The Peiping radio recently announced that poor weather has affected wheat crops throughout China. As exported wheat is a major source of revenue for the Communists, a drop in the harvest would have an adverse effect on China's industrial construction program.

MIDDLE EAST

IRAN                      In Iran, religious fanatics led by Mullah Kashani may be plotting a reign of terror against Mossadeq on the grounds that he has allied himself with the Communist Tudeh party. The premier has ordered police protection for government leaders allegedly marked for assassination, and it may be that this threat of violence will cause Mossadeq to adopt a less conciliatory attitude toward the Communists.

EGYPT                    In Egypt, surface tensions between the British and Egyptians have lessened slightly, but internal pressure against the Nagib regime continues to build up. [REDACTED]

25X1

[REDACTED] religious extremists in combination with the powerful Wafd party, are working against the government.

ARABS-MEDO            The Arab states, meanwhile, have announced that they will meet in Syria on 25 June to put into effect the Arab Collective Security Pact. This would dim the outlook for MEDO, as the Arabs are increasingly insistent that the West accept the Arab pact as the device for regional defense.

EUROPE

COCOM            In Western Europe, two incidents of the past week emphasize the growing opposition to the American position on trade with the Soviet bloc. In one case where Italy asked COCOM's permission to ship one million dollars worth of embargoed bearings to Czechoslovakia, only Belgium voted with the United States in opposing the request.

                 In a second case, a French official indicated that the new French trade agreement with the USSR would call for, without reference to COCOM, the shipment of lead and the transfer of six French-built cargo ships to the Soviet Union.

FRANCE            While any new government in France may be given some of the financial powers which Mayer asked, no basic change is likely in the government's tight financial situation. A further increase in inflationary pressures together with new cuts in defense expenditures can be expected.

                 With regard to foreign policy, the possibility of four-power talks will make it easier for the new government to postpone action on EDC until the fall.

YUGOSLAVIA        The appointment of a new Soviet charge in Yugoslavia does not alter the feeling between the two countries as Orbit propaganda continues to attack the Tito regime. However, Tito's recent speech reaffirming Yugoslavia's alignment

with the West indicates that the Yugoslav dictator is concerned over Soviet tactics aimed at splitting him from the West.

25X1

LATIN AMERICA

ARGENTINA      Although President Peron has lifted for the time being the restrictions on American news agencies operating in Argentina, congressional investigation of the agencies' activities is continuing. Whether he intends to renew his anti-American campaign throughout the hemisphere thus remains unclear.

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